



OECD releases consultation document on preventing misuse of residence by investment schemes to circumvent the Common Reporting Standard (CRS)

Interested parties are invited to send their comments by 19 March 2018 at the latest.

On February 19, 2018 the OECD published a [press release](#) announcing the release of a consultation document on misuse of residence by investment schemes to circumvent the CRS.

The document (available [here](#)) addresses how “residence by investment” (RBI) or “citizenship by investment” (CBI) schemes can be used to circumvent the CRS. These schemes allow foreign individuals to obtain citizenship or temporary or permanent residence rights in exchange for local investments or against a flat fee. The document also identifies the types of schemes that present a high risk of abuse and reminds of the importance of applying CRS due diligence procedures correctly to prevent abuse.

With respect to the importance of applying CRS due diligence rules correctly, the document highlights three specific areas:

- Permanent Physical address. The requirement to have a real, permanent physical residence address (and not just a PO box or in-care-of address) from the accountholders in order to apply the residence address test as well as the necessity to confirm the presence of a real, permanent physical residence through appropriate Documentary Evidence;
- Multiple tax residencies. The requirement to instruct Account Holders to include all jurisdictions of tax residence in their self-certification, and
- Reasons to know checks. The rule that Financial Institutions cannot rely on a self-certification or Documentary Evidence if they know, or have reason to know, that such self-certification or Documentary Evidence is unreliable, incorrect or incomplete (also known as “reason to know” rules).

Finally, the document provides the next steps to be taken by the OECD to address the issue, once public input is received and informs that a range of additional approaches to prevent the abuse of CBI/RBI schemes are being considered that may include both tax compliance and policy related measures.

Interested parties may submit their comments on the consultation document by **March 19, 2018** by email to CRS.consultation@oecd.org in Word format. Comments should be addressed to the International Co-Operation and Tax Administration Division, OECD/CTPA.

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